



Market Brief for Lebanon

Lebanon is the leading importer of healthcare and pharmaceutical drugs in the Levant area with over 50 importers. Some 5,976 types of drug are imported from more than 508 factories in 25 countries constituting between 92 and 95 percent of the total available in the market. In 1999, \$275 million worth of pharmaceutical drugs were brought in. The number went up to \$280 million in 2000 and to \$294 million in 2001, which generated some \$7 million worth of Customs duties.

There are eight companies in Lebanon that manufacture healthcare equipment and pharmaceutical drugs and export around \$4 million worth of pharmaceuticals yearly mostly to Arab countries. In 1998, locally manufactured drugs made up 5.7 percent, or \$14 million, of all drugs consumed.

The pharmaceutical market generates around \$400 million every year in retail sales. There are around 1,405 independent pharmacies and hospital-based pharmacies, of which an estimated 200 of those outside hospitals are working without a license. Among the regulations governing pharmacies is one that is meant to control their number. It is now required that a minimum of 300 meters be maintained between each facility.

The Government of Lebanon continuously tries to control and limit medication costs, and a proposal to open up the facility to import drugs away from exclusive agencies is seen as increasing competition and therefore reducing costs. The cost of health service is generally high. The market for medications, which accounts for 35-40 percent of health care expenditures, is largely unregulated. Local industry provides only a small share of the market. Imported medication is expensive and not wholly controlled. In any case, the government formed the National Drugs Office (NDO) to handle direct medicine imports to reduce the fees

charged by exclusive dealers. NDO acts as an importer of basic drugs and its mandate allows it to manufacture pharmaceutical drugs on low profit margins. To decrease the amount of drugs in the marketplace, the NDO in 1992 selected a list of essential drugs, including 290 used to treat the most common diseases. The supply of physicians has been growing at a rate of around nine percent annually since 1993, a rate that greatly exceeds the rate of population growth of 1.9 percent per year. In 2001 there were 8,598 registered doctors, or around 250 doctors for every 100,000 residents.

Lebanon has 144 medium sized private hospitals with 10,137 beds, and 17 large private hospitals with 3,378 beds. The rehabilitation and development of the public health sector saw the addition of one new public hospital in 2000 and the rehabilitation of eight others. In addition, the Lebanese government is supervising the setting up of a drug quality control laboratory, funded mainly by the World Bank and by Saudi Arabia.

Finally, the demand for U.S. products has increased over the last year due to the decline in the value of the dollar vis-à-vis the Euro. More Lebanese companies are now looking to the U.S. market to procure their needs.

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